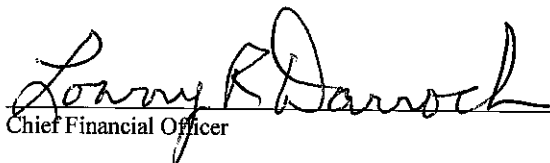


Audited Financial Statements

Of the Living Sky School Division No. 202

School Division No. 2020500

For the Period Ending: August 31, 2018


Chief Financial Officer


Auditor

Note - Copy to be sent to Ministry of Education, Regina

Management's Responsibility for the Financial Statements

The school division's management is responsible for the preparation of the financial statements in accordance with Canadian public sector accounting standards and the format specified in the Financial Reporting Manual issued by the Ministry of Education. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

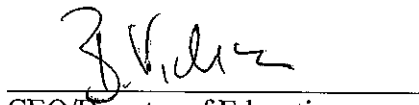
The school division's management maintains a system of accounting and administrative controls to ensure that accurate and reliable financial statements are prepared and to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of financial statements.

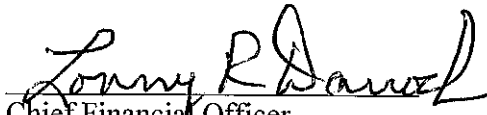
The Board of Education is composed of elected officials who are not employees of the school division. The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and for approving the financial statements. The Board is also responsible for the appointment of the school division's external auditors.

The external auditors, Holm Raiche Oberg Chartered Professional Accountants P.C. Ltd., conduct an independent examination in accordance with Canadian auditing standards and express their opinion on the financial statements. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the school division's financial statements. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

On behalf of the Living Sky School Division No. 202:


Board Chair


CEO/Director of Education


Chief Financial Officer

November 28, 2018



Holm Raiche Oberg
Chartered Professional Accountants P.C. Ltd.

1321 101st Street
North Battleford, Saskatchewan
S9A 0Z9
Phone: (306) 445-6291
Fax: (306) 445-3882
Email: info@hrocpa.ca
Website: www.hrocpa.ca

INDEPENDENT AUDITOR'S REPORT

To the Chairman and Board Members of
Living Sky School Division No. 202

Report on the Financial Statements

We have audited the accompanying financial statements of Living Sky School Division No. 202, which comprise the statement of financial position as at August 31, 2018, and the statements of operations and accumulated surplus from operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Living Sky School Division No. 202 as at August 31, 2018 and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

North Battleford, Saskatchewan
November 28, 2018

Holm Raiche Oberg
Chartered Professional Accountants

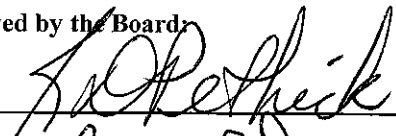
Living Sky School Division No. 202
Statement of Financial Position
as at August 31, 2018

	2018	2017
	\$	\$
Financial Assets		
Cash and Cash Equivalents	24,592,353	10,693,256
Accounts Receivable (Note 8)	326,618	15,147,657
Portfolio Investments (Note 4)	157,595	141,110
Total Financial Assets	25,076,566	25,982,023
Liabilities		
Accounts Payable and Accrued Liabilities (Note 9)	3,809,097	2,477,564
Long-Term Debt (Note 10)	147,442	100,000
Liability for Employee Future Benefits (Note 6)	1,463,000	1,341,500
Deferred Revenue (Note 11)	2,051,414	3,185,707
Total Liabilities	7,470,953	7,104,771
Net Financial Assets	17,605,613	18,877,252
Non-Financial Assets		
Tangible Capital Assets (Schedule C)	41,143,863	42,456,617
Inventory of Supplies for Consumption	214,973	204,261
Prepaid Expenses	179,167	179,816
Total Non-Financial Assets	41,538,003	42,840,694
Accumulated Surplus (Note 14)	59,143,616	61,717,946

Contractual Obligations and Commitments (Note 17)

The accompanying notes and schedules are an integral part of these statements.

Approved by the Board:




Chairperson

Chief Financial Officer

Living Sky School Division No. 202
Statement of Operations and Accumulated Surplus from Operations
for the year ended August 31, 2018

	2018 Budget	2018 Actual	2017 Actual
	\$	\$	\$
	(Note 15)		
REVENUES			
Property Taxation	8,759,650	8,723,397	25,501,539
Grants	51,674,963	52,392,046	38,005,765
Tuition and Related Fees	5,348,700	4,867,558	5,675,454
School Generated Funds	2,000,000	2,113,943	1,797,976
Complementary Services (Note 12)	1,640,976	1,663,046	1,647,861
External Services (Note 13)	821,052	1,087,697	849,958
Other	865,000	846,131	607,263
Total Revenues (Schedule A)	71,110,341	71,693,818	74,085,816
EXPENSES			
Governance	261,114	333,111	574,786
Administration	2,554,502	2,552,532	2,817,315
Instruction	48,385,069	48,097,324	50,650,563
Plant	8,227,820	8,514,466	8,264,833
Transportation	7,050,468	7,424,309	7,252,453
Tuition and Related Fees	592,968	387,005	542,144
School Generated Funds	2,000,000	1,922,519	1,609,207
Complementary Services (Note 12)	2,946,056	3,143,471	3,355,109
External Services (Note 13)	957,385	1,766,378	2,604,636
Other Expenses	6,000	127,033	1,030,219
Total Expenses (Schedule B)	72,981,382	74,268,148	78,701,265
Operating (Deficit) for the Year	(1,871,041)	(2,574,330)	(4,615,449)
Accumulated Surplus from Operations, Beginning of Year	61,717,946	61,717,946	66,333,395
Accumulated Surplus from Operations, End of Year	59,846,905	59,143,616	61,717,946

The accompanying notes and schedules are an integral part of these statements.

Living Sky School Division No. 202
Statement of Changes in Net Financial Assets
for the year ended August 31, 2018

	2018 Budget	2018 Actual	2017 Actual
	\$ (Note 15)	\$	\$
Net Financial Assets, Beginning of Year	18,877,252	18,877,252	22,696,606
Changes During the Year			
Operating (Deficit) for the Year	(1,871,041)	(2,574,330)	(4,615,449)
Acquisition of Tangible Capital Assets (Schedule C)	(2,547,509)	(2,486,064)	(3,008,707)
Proceeds on Disposal of Tangible Capital Assets (Schedule C)	-	104,680	5,955
Net (Gain) Loss on Disposal of Capital Assets (Schedule C)	-	(26,688)	2,712
Amortization of Tangible Capital Assets (Schedule C)	3,803,550	3,720,826	3,752,946
Net Acquisition of Inventory of Supplies	-	(10,712)	(156,657)
Net Change in Other Non-Financial Assets	-	649	199,846
Change in Net Financial Assets	(615,000)	(1,271,639)	(3,819,354)
Net Financial Assets, End of Year	18,262,252	17,605,613	18,877,252

The accompanying notes and schedules are an integral part of these statements.

Living Sky School Division No. 202
Statement of Cash Flows
for the year ended August 31, 2018

	2018	2017
	\$	\$
OPERATING ACTIVITIES		
Operating Deficit for the Year	(2,574,330)	(4,615,449)
Add Non-Cash Items Included in Deficit (Schedule D)	3,694,138	3,755,658
Net Change in Non-Cash Operating Activities (Schedule E)	15,129,716	(4,253,064)
Cash Provided (Used) by Operating Activities	16,249,524	(5,112,855)
CAPITAL ACTIVITIES		
Cash Used to Acquire Tangible Capital Assets	(2,486,064)	(3,008,707)
Proceeds on Disposal of Tangible Capital Assets	104,680	5,955
Cash (Used) by Capital Activities	(2,381,384)	(3,002,752)
INVESTING ACTIVITIES		
Cash Used to Acquire Portfolio Investments	(16,485)	(16,309)
Cash (Used) by Investing Activities	(16,485)	(16,309)
FINANCING ACTIVITIES		
Proceeds from Issuance of Long-Term Debt	195,685	-
Repayment of Long-Term Debt	(148,243)	(100,000)
Cash Provided (Used) by Financing Activities	47,442	(100,000)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	13,899,097	(8,231,916)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	10,693,256	18,925,172
CASH AND CASH EQUIVALENTS, END OF YEAR	24,592,353	10,693,256

The accompanying notes and schedules are an integral part of these statements.

Living Sky School Division No. 202
Schedule A: Supplementary Details of Revenues
for the year ended August 31, 2018

	2018 Budget	2018 Actual	2017 Actual
	\$	\$	\$
Property Taxation Revenue			
Tax Levy Revenue			
Property Tax Levy Revenue	8,822,198	8,489,207	24,894,465
Total Property Tax Revenue	8,822,198	8,489,207	24,894,465
Grants in Lieu of Taxes			
Federal Government	-	49,529	92,379
Provincial Government	-	163,895	281,645
Railways	-	-	(11,969)
Other	-	42,425	116,568
Total Grants in Lieu of Taxes	-	255,849	478,623
Other Tax Revenues			
Treaty Land Entitlement - Rural	-	4,852	9,251
House Trailer Fees	-	5,555	11,873
Total Other Tax Revenues	-	10,407	21,124
Additions to Levy			
Penalties	-	144,865	205,349
Total Additions to Levy	-	144,865	205,349
Deletions from Levy			
Cancellations	(62,548)	(176,931)	(98,022)
Total Deletions from Levy	(62,548)	(176,931)	(98,022)
Total Property Taxation Revenue	8,759,650	8,723,397	25,501,539
Grants			
Operating Grants			
Ministry of Education Grants			
Operating Grant	49,681,454	49,970,703	35,828,061
Other Ministry Grants	240,000	164,782	446,763
Total Ministry Grants	49,921,454	50,135,485	36,274,824
Federal Grants	-	289,212	-
Grants from Others	250,000	284,610	227,432
Total Operating Grants	50,171,454	50,709,307	36,502,256
Capital Grants			
Ministry of Education Capital Grants	1,503,509	1,682,739	1,503,509
Total Capital Grants	1,503,509	1,682,739	1,503,509
Total Grants	51,674,963	52,392,046	38,005,765

Living Sky School Division No. 202
Schedule A: Supplementary Details of Revenues
for the year ended August 31, 2018

	2018 Budget	2018 Actual	2017 Actual
	\$	\$	\$
Tuition and Related Fees Revenue			
Operating Fees			
Tuition Fees			
Federal Government and First Nations	5,138,700	4,634,093	5,360,934
Individuals and Other	-	6,597	13,616
Total Tuition Fees	5,138,700	4,640,690	5,374,550
Transportation Fees	10,000	12,022	8,478
Other Related Fees	200,000	214,846	292,426
Total Tuition and Related Fees Revenue	5,348,700	4,867,558	5,675,454
School Generated Funds Revenue			
Curricular			
Student Fees	135,000	157,503	137,830
Total Curricular Fees	135,000	157,503	137,830
Non-Curricular Fees			
Commercial Sales - Non-GST	150,000	116,027	137,213
Fundraising	840,000	944,028	800,967
Grants and Partnerships	50,000	52,101	35,850
Students Fees	525,000	593,295	448,289
Other	300,000	250,989	237,827
Total Non-Curricular Fees	1,865,000	1,956,440	1,660,146
Total School Generated Funds Revenue	2,000,000	2,113,943	1,797,976
Complementary Services			
Operating Grants			
Ministry of Education Grants			
Operating Grant	1,534,476	1,534,788	1,563,200
Other Ministry Grants	20,000	43,544	-
Other Grants	20,000	10,200	14,850
Total Operating Grants	1,574,476	1,588,532	1,578,050
Fees and Other Revenue			
Tuition and Related Fees	20,500	17,611	24,656
Other Revenue	46,000	56,903	45,155
Total Fees and Other Revenue	66,500	74,514	69,811
Total Complementary Services Revenue	1,640,976	1,663,046	1,647,861

Living Sky School Division No. 202
Schedule A: Supplementary Details of Revenues
for the year ended August 31, 2018

	2018 Budget	2018 Actual	2017 Actual
	\$	\$	\$
External Services			
Operating Grants			
Ministry of Education Grants			
Operating Grant	631,052	487,830	417,624
Other Ministry Grants	-	345,000	20,000
Other Grants	-	-	250,000
Total Operating Grants	631,052	832,830	687,624
Fees and Other Revenue			
Gain on Disposal of Capital Assets	-	47,052	-
Other Revenue	190,000	207,815	162,334
Total Fees and Other Revenue	190,000	254,867	162,334
Total External Services Revenue	821,052	1,087,697	849,958
Other Revenue			
Miscellaneous Revenue	210,000	301,264	297,713
Sales & Rentals	255,000	225,853	126,519
Investments	200,000	319,014	183,031
Gain on Disposal of Capital Assets	200,000	-	-
Total Other Revenue	865,000	846,131	607,263
TOTAL REVENUE FOR THE YEAR	71,110,341	71,693,818	74,085,816

Living Sky School Division No. 202
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2018

	2018 Budget	2018 Actual	2017 Actual
	\$	\$	\$
Governance Expense			
Board Members Expense	148,406	162,418	168,503
Professional Development - Board Members	7,500	9,291	21,760
Advisory Committees	44,528	28,863	36,384
Elections	-	-	26,225
Other Governance Expenses	60,680	132,539	321,914
Total Governance Expense	261,114	333,111	574,786
Administration Expense			
Salaries	1,922,164	1,884,249	2,072,835
Benefits	205,738	287,723	293,743
Supplies & Services	93,600	113,028	114,617
Non-Capital Furniture & Equipment	30,000	21,162	23,943
Building Operating Expenses	50,500	44,657	90,239
Communications	47,300	34,781	44,247
Travel	57,700	33,299	29,440
Professional Development	47,500	38,118	53,549
Amortization of Tangible Capital Assets	100,000	95,515	94,702
Total Administration Expense	2,554,502	2,552,532	2,817,315
Instruction Expense			
Instructional (Teacher Contract) Salaries	32,289,991	32,727,423	34,475,070
Instructional (Teacher Contract) Benefits	1,773,231	1,660,009	1,281,309
Program Support (Non-Teacher Contract) Salaries	7,673,013	7,668,926	8,022,917
Program Support (Non-Teacher Contract) Benefits	1,562,422	1,579,272	1,538,595
Instructional Aids	1,060,532	989,449	1,285,145
Supplies & Services	828,099	812,013	937,629
Non-Capital Furniture & Equipment	387,113	241,421	361,950
Communications	246,230	193,306	187,317
Travel	154,450	123,297	220,890
Professional Development	489,055	288,145	412,049
Student Related Expense	420,933	401,481	432,175
Amortization of Tangible Capital Assets	1,500,000	1,412,582	1,495,517
Total Instruction Expense	48,385,069	48,097,324	50,650,563

Living Sky School Division No. 202
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2018

	2018 Budget	2018 Actual	2017 Actual
	\$	\$	\$
Plant Operation & Maintenance Expense			
Salaries	2,818,859	2,790,632	3,004,581
Benefits	681,461	718,323	704,593
Supplies & Services	9,000	10,424	6,664
Non-Capital Furniture & Equipment	17,000	16,293	23,577
Building Operating Expenses	3,242,000	3,501,047	3,085,771
Communications	7,500	7,716	6,960
Travel	47,000	59,869	42,416
Professional Development	5,000	7,346	6,567
Amortization of Tangible Capital Assets	1,400,000	1,402,816	1,383,704
Total Plant Operation & Maintenance Expense	8,227,820	8,514,466	8,264,833
Student Transportation Expense			
Salaries	1,957,766	1,922,636	2,009,262
Benefits	388,792	388,393	374,484
Supplies & Services	675,250	763,320	722,748
Non-Capital Furniture & Equipment	553,535	468,247	438,118
Building Operating Expenses	65,000	58,020	4,877
Communications	21,000	4,280	3,795
Travel	1,000	1,225	1,187
Professional Development	5,000	317	2,806
Contracted Transportation	2,583,125	3,011,468	2,919,662
Amortization of Tangible Capital Assets	800,000	806,403	775,514
Total Student Transportation Expense	7,050,468	7,424,309	7,252,453
Tuition and Related Fees Expense			
Tuition Fees	592,968	387,005	542,144
Total Tuition and Related Fees Expense	592,968	387,005	542,144
School Generated Funds Expense			
Academic Supplies & Services	50,000	43,003	24,927
Cost of Sales	320,000	275,827	290,679
Non-Capital Furniture & Equipment	-	1,490	32
School Fund Expenses	1,630,000	1,602,199	1,293,569
Total School Generated Funds Expense	2,000,000	1,922,519	1,609,207

Living Sky School Division No. 202
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2018

	2018 Budget	2018 Actual	2017 Actual
	\$	\$	\$
Complementary Services Expense			
Tuition Fees	-	7,665	6,357
Instructional (Teacher Contract) Salaries & Benefits	630,862	835,485	628,147
Program Support (Non-Teacher Contract) Salaries & Benefits	2,120,194	2,102,832	2,440,876
Instructional Aids	25,000	29,802	29,723
Supplies & Services	170,000	156,156	230,555
Non-Capital Furniture & Equipment	-	3,792	3,400
Travel	-	915	2,913
Professional Development (Non-Salary Costs)	-	2,208	3,767
Student Related Expenses	-	4,616	9,371
Total Complementary Services Expense	2,946,056	3,143,471	3,355,109
External Service Expense			
Grant Transfers	200,000	732,945	1,693,572
Tuition Fees	14,315	124,024	52,650
Administration Salaries & Benefits	10,000	20	989
Instructional (Teacher Contract) Salaries & Benefits	328,392	446,983	341,064
Program Support (Non-Teacher Contract) Salaries & Benefits	138,107	140,724	139,294
Supplies & Services	190,000	178,312	187,500
Building Operating Expenses	-	34,743	32,035
Communications	-	2,193	2,136
Travel	-	221	-
Professional Development (Non-Salary Costs)	-	339	947
Student Related Expenses	-	37,317	-
Contracted Transportation & Allowances	73,021	65,047	150,940
Amortization of Tangible Capital Assets	3,550	3,510	3,509
Total External Services Expense	957,385	1,766,378	2,604,636
Other Expense			
Interest and Bank Charges			
Current Interest and Bank Charges	-	230	7,499
Interest on Capital Loans	6,000	2,005	7,993
Interest on Other Long-Term Debt	-	7,898	-
Total Interest and Bank Charges	6,000	10,133	15,492
Transfer of Taxes Receivable	-	96,536	-
Loss on Disposal of Tangible Capital Assets	-	20,364	2,712
Provision for Uncollectable Accounts	-	-	1,012,015
Total Other Expense	6,000	127,033	1,030,219
TOTAL EXPENSES FOR THE YEAR	72,981,382	74,268,148	78,701,265

Living Sky School Division No. 202

**Schedule C - Supplementary Details of Tangible Capital Assets
for the year ended August 31, 2018**

	Land		Buildings		School	Other	Furniture and	Computer Hardware and	Computer	Assets		
	Land	Improvements	Buildings	Short-Term	Buses	Vehicles	Equipment	Audio Visual Equipment	Software	Under Construction	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Tangible Capital Assets - at Cost</i>												
Opening Balance as of September 1	1,000,794	-	89,692,121	1,545,781	8,237,143	618,034	13,654,357	5,350,517	734,479	415,494	121,248,720	118,554,833
Additions/Purchases	-	46,133	790,001	-	742,731	-	457,769	397,565	27,688	24,177	2,486,064	3,008,707
Disposals	(7,324)	-	(36,650)	-	(511,554)	(18,826)	-	(890,655)	-	-	(1,465,009)	(314,820)
Transfers to (from)	-	-	415,494	-	-	-	-	-	-	(415,494)	-	-
Closing Balance as of August 31	993,470	46,133	90,860,966	1,545,781	8,468,320	599,208	14,112,126	4,857,427	762,167	24,177	122,269,775	121,248,720
<i>Tangible Capital Assets - Amortization</i>												
Opening Balance as of September 1	-	-	57,414,290	1,229,358	4,610,677	499,378	10,542,925	3,848,817	646,658	-	78,792,103	75,345,310
Amortization of the Period	-	2,307	1,443,032	56,836	705,850	45,055	659,887	747,566	60,293	-	3,720,826	3,752,946
Disposals	-	-	(28,587)	-	(458,362)	(9,413)	-	(890,655)	-	-	(1,387,017)	(306,153)
Closing Balance as of August 31	N/A	2,307	58,828,735	1,286,194	4,858,165	535,020	11,202,812	3,705,728	706,951	N/A	81,125,912	78,792,103
Net Book Value												
Opening Balance as of September 1	1,000,794	-	32,277,831	316,423	3,626,466	118,656	3,111,432	1,501,700	87,821	415,494	42,456,617	43,209,523
Closing Balance as of August 31	993,470	43,826	32,032,231	259,587	3,610,155	64,188	2,909,314	1,151,699	55,216	24,177	41,143,863	42,456,617
Change in Net Book Value	(7,324)	43,826	(245,600)	(56,836)	(16,311)	(54,468)	(202,118)	(350,001)	(32,605)	(391,317)	(1,312,754)	(752,906)
Disposals												
Historical Cost	7,324	-	36,650	-	511,554	18,826	-	890,655	-	-	1,465,009	314,820
Accumulated Amortization	-	-	28,587	-	458,362	9,413	-	890,655	-	-	1,387,017	306,153
Net Cost	7,324	-	8,063	-	53,192	9,413	-	-	-	-	77,992	8,667
Price of Sale	-	-	62,539	-	28,617	13,524	-	-	-	-	104,680	5,955
Gain (Loss) on Disposal	(7,324)	-	54,476	-	(24,575)	4,111	-	-	-	-	26,688	(2,712)

Closing net book value of tangible capital assets includes total leased tangible capital assets of \$143,248 (2017 - \$0) representing \$143,248 (2017 - \$0) in Furniture and Equipment. Amortization of \$47,749 (2017 - \$0) has been recorded on these assets.

Living Sky School Division No. 202
Schedule D: Non-Cash Items Included in Deficit
for the year ended August 31, 2018

	2018	2017
	\$	\$
Non-Cash Items Included in Deficit		
Amortization of Tangible Capital Assets (Schedule C)	3,720,826	3,752,946
Net (Gain) Loss on Disposal of Tangible Capital Assets (Schedule C)	(26,688)	2,712
Total Non-Cash Items Included in Deficit	3,694,138	3,755,658

Living Sky School Division No. 202
Schedule E: Net Change in Non-Cash Operating Activities
for the year ended August 31, 2018

	2018	2017
	\$	\$
Net Change in Non-Cash Operating Activities		
Decrease (Increase) in Accounts Receivable	14,821,039	(3,077,203)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	1,331,533	(189,618)
Increase (Decrease) in Liability for Employee Future Benefits	121,500	(653,700)
(Decrease) in Deferred Revenue	(1,134,293)	(375,732)
(Increase) in Inventory of Supplies for Consumption	(10,712)	(156,657)
Decrease in Prepaid Expenses	649	199,846
Total Net Change in Non-Cash Operating Activities	15,129,716	(4,253,064)

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2018

1. AUTHORITY AND PURPOSE

The school division operates under the authority of *The Education Act, 1995* of Saskatchewan as a corporation under the name of “The Board of Education of the Living Sky School Division No. 202” and operates as “Living Sky School Division No. 202”. The school division provides education services to residents within its geographic region and is governed by an elected board of trustees. The school division is exempt from income tax and is a registered charity under the *Income Tax Act*.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian public sector accounting standards for other government organizations as established by the Public Sector Accounting Board (PSAB) and as published by the Chartered Professional Accountants of Canada (CPA Canada).

Significant aspects of the accounting policies adopted by the school division are as follows:

a) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting.

b) Reporting Entity

The financial statements include all of the assets, liabilities, revenues and expenses of the school division reporting entity.

c) Measurement Uncertainty and the Use of Estimates

Canadian public sector accounting standards require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year.

Measurement uncertainty that may be material to these financial statements exists for:

- the liability for employee future benefits of \$1,463,000 (2017: \$1,341,500) because actual experience may differ significantly from actuarial estimations.
- property tax revenue of \$8,723,397 (2017: \$25,501,539) because final tax assessments may differ from initial estimates.
- uncollectible taxes of \$0 (2017: \$1,259,920) because actual collectability may differ from initial estimates.
- valuation allowance for other receivables of \$26,468 (2017: \$26,468) because actual collectability may differ from amount invoiced.
- useful lives of capital assets and related amortization for \$3,720,826 (2017: \$3,752,946) because the actual useful lives of the capital assets may differ from their estimated economic lives.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2018

While best estimates are used for reporting items subject to measurement uncertainty, it is reasonably possible that changes in future conditions, occurring within one fiscal year, could require material changes in the amounts recognized or disclosed.

d) Financial Instruments

Financial instruments are any contracts that give rise to financial assets of one entity and financial liabilities or equity instruments of another entity. A contract establishing a financial instrument creates, at its inception, rights and obligations to receive or deliver economic benefits. The school division recognizes a financial instrument when it becomes a party to the contractual provisions of a financial instrument. The financial assets and financial liabilities portray these rights and obligations in the financial statements. Financial instruments of the school division include cash and cash equivalents, accounts receivable, portfolio investments, accounts payable and accrued liabilities, and long-term debt.

All financial instruments are measured at cost or amortized cost. Transaction costs are a component of the cost of financial instruments measured using cost or amortized cost. For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenues or expenses. Impairment losses such as write-downs or write-offs are reported in the statement of operations and accumulated surplus from operations.

Gains and losses on financial instruments measured at cost or amortized cost are recognized in the statement of operations and accumulated surplus from operations in the period the gain or loss occurs.

Foreign currency transactions are translated at the exchange rate prevailing at the date of the transactions. Financial assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the financial statement date. The school division believes that it is not subject to significant unrealized foreign exchange translation gains and losses arising from its financial instruments.

e) Financial Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Valuation allowances are used where considered necessary to reduce the amounts reported for financial assets to their net realizable value.

Cash and Cash Equivalents consist of cash and bank deposits and highly liquid investments with initial maturity terms of three months or less and held for the purpose of meeting short-term operating cash commitments rather than for investing purposes.

Accounts Receivable includes taxes receivable and other receivables. Taxes receivable represent education property taxes assessed or estimated owing to the end of the fiscal period but not yet received. The allowance for uncollected taxes is a valuation allowance used to reduce the amount reported for taxes receivable to the estimated net recoverable amount. The allowance represents management's estimate of the amount

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2018

of taxes that will not be collected taking into consideration prior years' tax collections and information provided by municipalities regarding collectability of outstanding balances.

Other receivables are recorded at cost less valuation allowances. These allowances are recorded where collectability is considered doubtful.

Portfolio Investments consist of term deposits and equity in co-operatives. The school division values its portfolio investments in accordance with its policy for financial instruments, as described in Note 2 (d).

f) Non-Financial Assets

Non-financial assets are assets held for consumption in the provision of services. These assets do not normally provide resources to discharge the liabilities of the school division unless they are sold.

Tangible Capital Assets have useful lives extending beyond the accounting period, are used by the school division to provide services to the public and are not intended for sale in the ordinary course of operations. Tangible capital assets of the school division include land, land improvements, buildings, buildings – short-term, school buses, other vehicles, furniture and equipment, computer hardware and audio visual equipment, computer software, capital lease assets and assets under construction. Tangible capital assets are recorded at cost (or estimated cost when the actual cost is unknown) and include all costs directly attributable to the acquisition, design, construction, development, installation and betterment of the tangible capital asset. The school division does not capitalize interest incurred while a tangible capital asset is under construction.

The cost of depreciable tangible capital assets, net of any residual value, is amortized on a straight line basis over their estimated useful lives as follows:

Land Improvements (pavement, fencing, lighting, etc.)	20 years
Buildings	50 years
Buildings – short-term (portables, storage sheds, outbuildings, garages)	20 years
School buses	12 years
Other vehicles – passenger and light duty trucks and vans	5 years
Furniture and equipment	10 years
Computer hardware and audio visual equipment	5 years
Computer software	5 years
Leased capital assets	Lease term

Assets under construction are not amortized until completed and placed into service for use.

Inventory of Supplies for Consumption consists of supplies held for consumption by the school division in the course of normal operations and are recorded at the lower of cost and replacement cost.

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2018

Prepaid Expenses are prepaid amounts for goods or services which will provide economic benefits in one or more future periods. Prepaid expenses include Saskatchewan School Board Association fees and insurance.

g) Liabilities

Liabilities are present obligations arising from transactions and events occurring prior to year-end, which will be satisfied in the future through the use of assets or another form of economic settlement.

Accounts Payable and Accrued Liabilities include accounts payable and accrued liabilities owing to third parties and employees for work performed, goods supplied and services rendered, but not yet paid, at the end of the fiscal period.

Long-Term Debt is comprised of a capital loan with an initial maturity of more than one year and is incurred for the purpose of financing capital expenditures in accordance with the provisions of *The Education Act, 1995*.

Long-term debt also includes capital lease obligations where substantially all of the benefits and risks incident to ownership are transferred to the school division without necessarily transferring legal ownership. The amount of the lease liability recorded at the beginning of the lease term is the present value of the minimum lease payments, excluding the portion thereof relating to executory costs.

Liability for Employee Future Benefits represents post-employment and compensated absence benefits that accrue to the school division's employees. The cost of these benefits is recorded as the benefits are earned by employees. The liability relating to these benefits is actuarially determined using the projected benefit method pro-rated on service. Actuarial valuations are performed periodically using assumptions including discount rate, inflation, salary escalation, termination and retirement rates and mortality. An actuary extrapolates these valuations when a valuation is not done in the current fiscal year. Actuarial gains and losses are amortized on a straight line basis over the expected average remaining service life of the related employee groups.

Deferred Revenue from Non-government Sources represents fees or payments for services received in advance of the fee being earned or the services being performed, and other contributions for which the contributor has placed restrictions on the use of the resources. Revenue from tuition and related fees is recognized as the course is delivered; revenue from contractual services is recognized as the services are delivered; and revenue from other contributions is recognized in the fiscal year in which the resources are used for the purpose specified by the contributor.

h) Employee Pension Plans

The school division's employees participate in one of the following multi-employer defined benefit plans:

- i) Teachers participate in the Saskatchewan Teachers' Retirement Plan (STRP) or the Saskatchewan Teachers' Superannuation Plan (STSP). The school division's

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2018

obligation for these plans is limited to collecting and remitting contributions of the employees at rates determined by the plans.

- ii) Other employees participate in the Municipal Employees' Pension Plan (MEPP). The plan is accounted for as a defined contribution plan whereby the school division's contributions are expensed when due.

i) Revenue Recognition

Revenues are recorded on the accrual basis. Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues, provided the amount to be received can be reasonably estimated and collection is reasonably assured.

The school division's sources of revenues include the following:

i) Government Transfers (Grants)

Grants from governments are considered to be government transfers. Government transfers are recognized as revenues when the transfer is authorized, all eligibility criteria have been met, the amount can be estimated and collection is reasonably assured except when, and to the extent, stipulations by the transferor give rise to an obligation that meets the definition of a liability. For transfers with stipulations, revenue is recognized in the statement of operations and accumulated surplus from operations as the stipulation liabilities are settled.

ii) Property Taxation

Property tax is levied and collected on a calendar year basis. Uniform education property tax mill rates are set by the Government of Saskatchewan. Tax revenues are recognized on the basis of time with 1/12th of estimated total tax revenue recorded in each month of the school division's fiscal year. The tax revenue for the September to December portion of the fiscal year is based on the actual amounts reported by the municipalities for the calendar taxation year. For the January to August portion of its fiscal year, the school division estimates tax revenue based on estimate information provided by municipalities who levy and collect the property tax on behalf of the school division. The final annual taxation amounts are reported to the division by each municipality following the conclusion of each calendar taxation year, and any difference between final amounts and the school division's estimates is recorded as an adjustment to revenue in the next fiscal year.

On January 1, 2018, pursuant to *The Education Property Tax Act*, the Government of Saskatchewan became the taxing authority for education property tax. As of that date, the school division no longer earns taxation revenue.

iii) Fees and Services

Revenues from tuition fees and other fees and services are recognized in the year they are earned. Amounts that are restricted pursuant to legislation, regulation or agreements with external parties that may only be used in the conduct of certain programs or in the delivery of specific services and transactions are initially recorded

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2018

as deferred revenue and subsequently recognized as revenue in the fiscal year the related expenses are incurred or services are performed.

iv) Interest Income

Interest is recognized as revenue when it is earned.

v) Other (Non-Government Transfer) Contributions

Unrestricted contributions are recognized as revenue in the year received or in the year the funds are committed to the school division if the amount can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are contributions for which the contributor has placed restrictions on the use of the resources. Externally restricted contributions that are to be held in perpetuity are recognized as revenue in the year in which they are received or committed if the amount can be reasonably estimated and collection is reasonably assured. Externally restricted contributions that are not held in perpetuity are deferred until the resources are used for the purpose specified, at which time the contributions are recognized as revenue. In-kind contributions are recorded at their fair value when they are received.

j) Statement of Remeasurement Gains and Losses

The school division has not presented a statement of remeasurement gains and losses because it does not have financial instruments that give rise to material remeasurement gains or losses.

3. SHORT-TERM BORROWINGS

Bank indebtedness consists of a demand operating line of credit with a maximum borrowing limit of \$10,000,000 that bears interest at Bank prime rate less 0.50% per annum with Innovation Credit Union. This line of credit is authorized by a borrowing resolution by the board of education and is secured by provincial grant receipts. This line of credit was approved by the Minister of Education on October 29, 2010. There was no balance outstanding on the line of credit at August 31, 2018 or August 31, 2017.

4. PORTFOLIO INVESTMENTS

Portfolio investments are comprised of the following:

	2018	2017
Portfolio investments in the cost and amortized cost category:	<u>Cost</u>	<u>Cost</u>
Term deposits	\$ 88,600	\$ 88,600
Credit Union Member Rewards	33,618	21,541
Member Equity in Co-op Organizations	35,377	30,969
Total portfolio investments reported at cost and amortized cost	\$ 157,595	\$ 141,110

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2018

5. EXPENSES BY FUNCTION AND ECONOMIC CLASSIFICATION

Function	Salaries & Benefits	Goods & Services	Debt Service	Amortization of TCA	2018 Actual	2017 Actual
Governance	\$ 162,418	\$ 170,693	\$ -	\$ -	\$ 333,111	\$ 574,786
Administration	2,171,972	285,045	-	95,515	2,552,532	2,817,315
Instruction	43,635,630	3,049,112	-	1,412,582	48,097,324	50,650,563
Plant	3,508,955	3,602,695	-	1,402,816	8,514,466	8,264,833
Transportation	2,311,029	4,306,877	-	806,403	7,424,309	7,252,453
Tuition and Related Fees	-	387,005	-	-	387,005	542,144
School Generated Funds	-	1,922,519	-	-	1,922,519	1,609,207
Complementary Services	2,938,317	205,154	-	-	3,143,471	3,355,109
External Services	587,727	1,175,141	-	3,510	1,766,378	2,604,636
Other	-	116,900	10,133	-	127,033	1,030,219
TOTAL	\$55,316,048	\$ 15,221,141	\$ 10,133	\$ 3,720,826	\$ 74,268,148	\$ 78,701,265

6. EMPLOYEE FUTURE BENEFITS

The school division provides certain post-employment, compensated absence and termination benefits to its employees. These benefits include non-vested sick leave payout, vacation banks and paid-time-off banks. The liability associated with these benefits is calculated as the present value of expected future payments pro-rated for service and is recorded as Liability for Employee Future Benefits in the statement of financial position. Morneau Shepell Ltd, a firm of consulting actuaries, performed an actuarial valuation as at March 31, 2018, and extrapolated the results to estimate the Liability for Employee Future Benefits as at August 31, 2018.

Details of the employee future benefits are as follows:

	2018	2017
Long-term assumptions used:		
Discount rate at end of period	3.00%	2.69%
Inflation and productivity rate (excluding merit and promotion) - Teachers	2.50%	2.50%
Inflation and productivity rate (excluding merit and promotion) - Non-Teachers	3.00%	3.00%
Expected average remaining service life (years)	14	13

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2018

Liability for Employee Future Benefits	2018	2017
Accrued Benefit Obligation - beginning of year	\$ 1,382,100	\$ 2,414,900
Current period service cost	129,100	223,600
Interest cost	39,900	53,900
Benefit payments	(57,100)	(141,000)
Actuarial (gains)	(273,100)	(191,700)
Plan amendments	-	(977,600)
Accrued Benefit Obligation - end of year	1,220,900	1,382,100
Unamortized Net Actuarial Gains (Losses)	242,100	(40,600)
Liability for Employee Future Benefits	\$ 1,463,000	\$ 1,341,500

Employee Future Benefits Expense	2018	2017
Current period service cost	\$ 129,100	\$ 223,600
Amortization of net actuarial loss	9,600	38,900
Plan amendments	-	(829,100)
Benefit cost	138,700	(566,600)
Interest cost	39,900	53,900
Total Employee Future Benefits Expense	\$ 178,600	\$ (512,700)

7. PENSION PLANS

Multi-Employer Defined Benefit Plans

Information on the multi-employer pension plans to which the school division contributes is as follows:

i) Saskatchewan Teachers' Retirement Plan (STRP) and Saskatchewan Teachers' Superannuation Plan (STSP)

The STRP and STSP provide retirement benefits based on length of service and pensionable earnings.

The STRP and STSP are funded by contributions by the participating employee members and the Government of Saskatchewan. The school division's obligation to the STRP and STSP is limited to collecting and remitting contributions of the employees at rates determined by the plans. Accordingly, these financial statements do not include any expense for employer contributions to these plans. Net pension assets or liabilities for these plans are not reflected in these financial statements as ultimate responsibility for retirement benefits rests with the Saskatchewan Teachers' Federation for the STRP and with the Government of Saskatchewan for the STSP.

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2018

Details of the contributions to these plans for the school division's employees are as follows:

	2018			2017
	STRP	STSP	TOTAL	TOTAL
Number of active School Division members	479	8	487	512
Member contribution rate (percentage of salary)	11.30% / 13.50%	6.05% / 7.85%	6.05% / 13.50%	6.05% / 13.50%
Member contributions for the year	\$ 3,907,733	\$ 20,021	\$ 3,927,754	\$ 4,126,456

ii) Municipal Employees' Pension Plan (MEPP)

The MEPP provides retirement benefits based on length of service and pensionable earnings.

The MEPP is funded by employer and employee contributions at rates set by the Municipal Employees' Pension Commission.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. Any actuarially determined deficiency is the responsibility of the participating employers and employees which could affect future contribution rates and/or benefits.

The contributions to the MEPP by the participating employers are not segregated in separate accounts or restricted to provide benefits to the employees of a particular employer. As a result, individual employers are not able to identify their share of the underlying assets and liabilities, and the net pension assets or liabilities for this plan are not recognized in these financial statements. The plan is accounted for as a defined contribution plan whereby the school division's contributions are expensed when due.

Details of the MEPP are as follows:

	2018	2017
Number of active School Division members	495	528
Member contribution rate (percentage of salary)	8.15% / 9.00%	8.15%
School Division contribution rate (percentage of salary)	8.15% / 9.00%	8.15%
Member contributions for the year	\$ 1,180,957	\$ 1,252,550
School Division contributions for the year	\$ 1,180,957	\$ 1,252,550
Actuarial extrapolation date	Dec-31-2017	Dec-31-2016
Plan Assets (in thousands)	\$ 2,469,995	\$ 2,323,947
Plan Liabilities (in thousands)	\$ 2,015,818	\$ 1,979,463
Plan Surplus (in thousands)	\$ 454,177	\$ 344,484

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2018

8. ACCOUNTS RECEIVABLE

All accounts receivable presented in the statement of financial position are net of any valuation allowances for doubtful accounts. Details of accounts receivable balances and allowances are as follows:

	2018			2017		
	Total Receivable	Valuation Allowance	Net of Allowance	Total Receivable	Valuation Allowance	Net of Allowance
Taxes Receivable	\$ -	\$ -	\$ -	\$ 14,639,014	\$ 1,259,920	\$ 13,379,094
Other Receivables	353,086	26,468	326,618	1,795,031	26,468	1,768,563
Total Accounts Receivable	\$ 353,086	\$ 26,468	\$ 326,618	\$ 16,434,045	\$ 1,286,388	\$ 15,147,657

During the year, \$96,536 of taxes receivable were transferred from the school division to the Government of Saskatchewan.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Details of accounts payable and accrued liabilities are as follows:

	2018	2017
Accrued Salaries and Benefits	\$ 943,674	\$ 399,907
Supplier Payments	2,865,423	2,077,657
Total Accounts Payable and Accrued Liabilities	\$ 3,809,097	\$ 2,477,564

10. LONG-TERM DEBT

Details of long-term debt are as follows:

		2018	2017
Capital Loan:	Innovation Credit Union	\$ -	\$ 100,000
		-	100,000
Capital Lease:	Concentra Bank - Copier lease repayable in annual installments of \$51,453 including interest at 4.34%. The lease is due November, 2020.	147,442	-
		147,442	-
Total Long-Term Debt		\$147,442	\$ 100,000

Future principal repayments over the next 3 years are estimated as follows:		
	Capital Leases	Total
2019	\$ 45,731	\$ 45,731
2020	47,558	47,558
2021	49,464	49,464
Total	\$ 142,753	\$ 142,753

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2018

Principal and interest payments on the long-term debt are as follows:				
	Capital Loans	Capital Leases	2018	2017
Principal	\$ 100,000	\$ 48,243	\$ 148,243	\$ 100,000
Interest	2,005	7,898	9,903	7,993
Total	\$ 102,005	\$ 56,141	\$ 158,146	\$ 107,993

11. DEFERRED REVENUE

Details of deferred revenues are as follows:

	Balance as at Aug. 31, 2017	Additions during the Year	Revenue recognized in the Year	Balance as at Aug. 31, 2018
Capital projects:				
Federal capital tuition	\$ 1,868,567	\$ 168,602	\$ -	\$ 2,037,169
Total capital projects deferred revenue	1,868,567	168,602	-	2,037,169
Other deferred revenue:				
Cash Receipts from Municipalities				
Exceeding Tax Assessments	1,299,244	-	1,299,244	-
Tuition	12,608	-	12,608	-
Other	5,288	14,244	5,287	14,245
Total other deferred revenue	1,317,140	14,244	1,317,139	14,245
Total Deferred Revenue	\$ 3,185,707	\$ 182,846	\$ 1,317,139	\$ 2,051,414

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2018

12. COMPLEMENTARY SERVICES

Complementary services represent those services and programs where the primary purpose is other than K-12 learning/learning support, but which have the specific objective of enhancing the school division's ability to successfully deliver its K-12 curriculum/learning programs.

Following is a summary of the revenue and expenses of the Complementary Services programs operated by the school division:

Summary of Complementary Services Revenues and Expenses, by Program	Pre-K Programs	Community & Inter-Agency Liaison	Other Programs	2018	2017
Revenues:					
Operating Grants	\$ 952,788	\$ 582,000	\$ 53,744	\$ 1,588,532	\$ 1,578,050
Fees and Other Revenues	-	-	74,514	74,514	69,811
Total Revenues	952,788	582,000	128,258	1,663,046	1,647,861
Expenses:					
Tuition Fees	7,665	-	-	7,665	6,357
Salaries & Benefits	1,134,884	1,803,433	-	2,938,317	3,069,023
Instructional Aids	29,749	-	53	29,802	29,723
Supplies and Services	-	-	156,156	156,156	230,555
Non-Capital Equipment	3,792	-	-	3,792	3,400
Travel	915	-	-	915	2,913
Professional Development (Non-Salary Costs)	2,208	-	-	2,208	3,767
Student Related Expenses	4,616	-	-	4,616	9,371
Total Expenses	1,183,829	1,803,433	156,209	3,143,471	3,355,109
(Deficiency) of Revenues over Expenses	\$ (231,041)	\$(1,221,433)	\$ (27,951)	\$(1,480,425)	\$(1,707,248)

The purpose and nature of each Complementary Services program is as follows:

Pre-K Programs – provides support to early intervention programs that target pre-school age children and their families who are living in vulnerable circumstances.

Community and Inter-Agency Liaison – supports the delivery of a range of diverse and comprehensive supports and effective practices that address the complex needs of vulnerable students and that help eliminate learning barriers.

Other Programs – have the objective of enhancing the K-12 curriculum/learning programs and include such things as nutrition programs.

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2018

13. EXTERNAL SERVICES

External services represent those services and programs that are outside of the school division's learning/learning support and complementary programs. These services have no direct link to the delivery of the school division's K-12 programs nor do they directly enhance the school division's ability to deliver its K-12 programs.

Following is a summary of the revenue and expenses of the External Services programs operated by the school division:

Summary of External Services Revenues and Expenses, by Program	Invitational Shared Services Initiative	Following Their Voices	Cafeteria	Associate Schools*	Other Programs	2018	2017
Revenues:							
Operating Grants	\$ 345,000	\$ -	\$ -	\$487,830	\$ -	\$ 832,830	\$ 687,624
Fees and Other Revenues	-	28,675	167,088	-	59,104	254,867	162,334
Total Revenues	345,000	28,675	167,088	487,830	59,104	1,087,697	849,958
Expenses:							
Grant Transfers	215,000	517,945	-	-	-	732,945	1,693,572
Tuition Fees	-	-	-	124,024	-	124,024	52,650
Salaries & Benefits	93,118	15,791	139,461	335,789	3,568	587,727	481,347
Supplies and Services	-	-	178,312	-	-	178,312	187,500
Building Operating Expenses	-	-	-	28,017	6,726	34,743	34,170
Communications	-	-	-	-	2,193	2,193	-
Travel	-	221	-	-	-	221	-
Professional Development	-	339	-	-	-	339	947
Student Related Expenses	27,820	9,497	-	-	-	37,317	-
Contracted Transportation & Allowances	-	-	-	-	65,047	65,047	150,941
Amortization of Tangible Capital Assets	-	-	-	-	3,510	3,510	3,509
Total Expenses	335,938	543,793	317,773	487,830	81,044	1,766,378	2,604,636
Excess (Deficiency) of Revenues over Expenses	\$ 9,062	\$(515,118)	\$(150,685)	\$ -	\$(21,940)	\$ (678,681)	\$(1,754,678)

**Associate Schools – see table below for details of revenues and expenses by school.*

The purpose and nature of each External Services program is as follows:

Invitational Shared Services Initiative – provides supports for students and professional development supports for teachers for students living on First Nations to improve high school completion rates of First Nation students.

Following Their Voices – designed to improve First Nations, Metis, and Inuit students outcomes by engaging and supporting students through changes in student-teacher relationships and interactions, teacher instructional practices and the learning environment.

Cafeteria – provides meals to students, staff and the general public.

Other Programs – are services that have no direct link to the K-12 program and include staff residence and extra-curricular transportation.

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2018

Summary of Associate School Revenues and Expenses, Details by School	Heritage Christian Academy	Meadow Lake Christian Academy	2018	2017
Revenues:				
Operating Grants	\$ 275,730	\$ 212,100	\$ 487,830	\$417,624
Total Revenues	275,730	212,100	487,830	417,624
Expenses:				
Tuition Fees	35,130	88,894	124,024	52,650
Salaries & Benefits	212,583	123,206	335,789	338,100
Building Operating Expenses	28,017	-	28,017	25,927
Professional Development	-	-	-	947
Total Expenses	275,730	212,100	487,830	417,624
Excess (Deficiency) of Revenues over Expenses	\$ -	\$ -	\$ -	\$ -

14. ACCUMULATED SURPLUS

Accumulated surplus represents the financial assets and non-financial assets of the school division less liabilities. This represents the accumulated balance of net surplus arising from the operations of the school division including school generated funds.

Certain amounts of the accumulated surplus, as approved by the board of education, have been designated for specific future purposes, for example, school generated funds, scholarship funds, grants, etc. These internally restricted amounts are included in the accumulated surplus presented in the statement of financial position. The school division does not maintain separate bank accounts for the internally restricted amounts.

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2018

Details of accumulated surplus are as follows:

	August 31 2017	Additions during the year	Reductions during the year	August 31 2018
Invested in Tangible Capital Assets:				
Net Book Value of Tangible Capital Assets	\$ 42,456,617	\$ 2,486,064	\$ 3,798,818	\$ 41,143,863
Less: Debt owing on Tangible Capital Assets	(100,000)	(195,685)	(148,243)	(147,442)
	42,356,617	2,290,379	3,650,575	40,996,421
PMR maintenance project allocations (1)	2,284,237	1,682,739	1,012,071	2,954,905
Internally Restricted Surplus:				
Capital projects:				
Designated for tangible capital asset expenditures	11,400	-	-	11,400
	11,400	-	-	11,400
Other:				
School generated funds	998,629	158,777	-	1,157,406
Scholarship funds	164,238	7,374	14,415	157,197
Invitational Shared Services Initiative Grant	52,019	345,000	335,938	61,081
Following Their Voices - 2015/16 Grant Surplus	187,692	-	187,692	-
Following Their Voices - 2016/17 Grant Surplus	336,202	-	336,202	-
Tax Loss Compensations	3,711,713	-	-	3,711,713
School Based Budgets	2,028,723	-	-	2,028,723
LINC PD	113,617	-	-	113,617
Facilities Renewal	9,472,859	-	4,000,000	5,472,859
Jordan's Principle	-	289,212	1,258	287,954
	17,065,692	800,363	4,875,505	12,990,550
Unrestricted Surplus	-	4,000,000	1,809,660	2,190,340
Total Accumulated Surplus	\$ 61,717,946	\$ 8,773,481	\$ 11,347,811	\$ 59,143,616

- (1) **PMR Maintenance Project Allocations** represent transfers received from the Ministry of Education as funding support for maintenance projects on the school division's approved 3 year capital maintenance plans. Unspent funds at the end of a fiscal year are designated for future approved capital plan maintenance project expenditures.

The purpose and nature of each Internally Restricted Surplus amount is as follows:

Capital projects – funds held for future purchases of tangible capital assets.

School generated funds – the amount of funds held in the school based bank accounts.

Scholarship funds – the amount of funds donated to provide scholarships.

Invitational Shared Services Initiative Grant – the amount of funds unexpended from the grant received.

Following Their Voices – the amount of funds unexpended from the 2015/16 and 2016/17 grants.

Tax Loss Compensations – the amount of tax loss compensation from Treaty Land Entitlement receipts.

School Based Budgets – the amount for school based budgets.

Local Implementation Negotiation Committee Professional Development (LINC PD) – the amount for teacher professional development allocated through the LINC agreement.

Facilities Renewal – the amount for renewal of school division facilities.

Jordan's Principle – the amount of funds unexpended from the 2017/18 grant.

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2018

15. BUDGET FIGURES

Budget figures included in the financial statements were approved by the Board of Education on May 10, 2017, and the Minister of Education on August 28, 2017.

16. RELATED PARTIES

These financial statements include transactions with related parties. The school division is related to all Government of Saskatchewan ministries, agencies, boards, school divisions, Saskatchewan Health Authority, colleges, and crown corporations under the common control of the Government of Saskatchewan. Related parties of the school division also include its key management personnel, close family members of its key management personnel, and entities controlled by, or under shared control of any of these individuals.

Related Party Transactions

Transactions with these related parties have occurred and been settled on normal trade terms.

	2018	2017
Revenues:		
<i>Ministry of Education</i>	\$ 54,231,055	\$ 39,779,157
<i>Sask Workers' Compensation Board</i>	66,348	131,475
<i>Light of Christ R.C.S.S.D. No. 16</i>	44,990	22,463
<i>North West College</i>	201,250	123,952
<i>Ministry of Social Services</i>	-	1,830
<i>Saskatchewan Rivers School Division No. 119</i>	28,674	1,200
<i>SGI</i>	284,610	220,232
<i>Sun West School Division No. 207</i>	7,500	-
<i>Conseil des écoles fransaskoises No. 301</i>	13,939	16,771
<i>Other</i>	-	6,150
	\$ 54,878,367	\$ 40,303,230

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2018

	2018	2017
Expenses:		
<i>Good Spirit School Division No. 204</i>	\$ 3,805	\$ 121,677
<i>Light of Christ R.C.S.S.D. No. 16</i>	12,875	42,004
<i>Ministry of Finance</i>	17,200	17,541
<i>North West College</i>	294,903	461,957
<i>Prairie Spirit School Division No. 206</i>	39,065	15,323
<i>Saskatoon School Division No. 13</i>	2,000	99,125
<i>St. Paul's R.C.S.S.D. No. 20</i>	7,000	69,384
<i>South East Cornerstone School Division No. 209</i>	-	1,500
<i>Western Development Museum Fund</i>	5,670	8,949
<i>Sask Tel</i>	162,705	154,474
<i>SGI Auto Fund</i>	83,469	87,042
<i>Sask Energy</i>	411,337	423,042
<i>Sask Power Corp</i>	1,180,338	1,169,627
<i>Sask Workers' Compensation Board</i>	173,906	186,865
<i>Sun West School Division No. 207</i>	41,500	68,630
<i>Regina Public School Division No. 4</i>	-	58,000
<i>Saskatchewan Health Authority</i>	75	85,514
<i>Saskatchewan Rivers School Division No. 119</i>	479,213	55,657
<i>Prairie South School Division No. 210</i>	885	1,500
<i>Prairie Valley School Division No. 208</i>	-	58,463
<i>Horizon School Division No. 205</i>	2,300	40,417
<i>Northern Lights School Division No. 113</i>	-	100,000
<i>Other</i>	2,781	1,177
	\$ 2,921,027	\$ 3,327,869
Accounts Receivable:		
<i>Light of Christ R.C.S.S.D. No. 16</i>	\$ 44,648	\$ 24,856
<i>North West Regional College</i>	9,831	19,663
<i>SGI</i>	14,131	-
<i>Saskatchewan Rivers School Division No. 119</i>	2,888	-
<i>Sun West School Division No. 207</i>	7,500	-
<i>Conseil des écoles fransaskoises No. 301</i>	-	16,771
	\$ 78,998	\$ 61,290
Accounts Payable and Accrued Liabilities:		
<i>Light of Christ R.C.S.S.D. No. 16</i>	\$ 10,470	\$ -
<i>Good Spirit School Division No. 204</i>	-	58,700
<i>St. Paul's R.C.S.S.D. No. 20</i>	-	47,616
<i>Saskatoon School Division No. 13</i>	-	972
<i>Sask Energy</i>	3,766	5,503
<i>Sask Power Corp</i>	32,786	30,247
<i>Sask Tel</i>	3,383	3,160
<i>Sun West School Division No. 207</i>	-	500
<i>SGI Auto Fund</i>	586	-
<i>Saskatchewan Rivers School Division No. 119</i>	479,213	-
<i>Horizon School Division No. 205</i>	-	2,300
<i>Prairie Spirit School Division No. 206</i>	-	242
	\$ 530,204	\$ 149,240

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2018

A portion of the operating grant revenue from the Ministry of Education includes funding allocated to principal and interest repayments on some school board loans.

17. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Significant contractual obligations and commitments of the school division are as follows:

- Capital lease obligations, as follows:

	Capital Leases	
	Copiers	Total Capital
Future minimum lease payments:		
2019	\$ 51,453	\$ 51,453
2020	51,453	51,453
2021	51,455	51,455
	154,361	154,361
Interest and executory costs	(6,919)	(6,919)
Total Lease Obligations	\$147,442	\$ 147,442

18. RISK MANAGEMENT

The school division is exposed to financial risks from its financial assets and liabilities. These risks include credit risk, liquidity risk and market risk (consisting of interest rate risk and foreign exchange risk).

i) Credit Risk

Credit risk is the risk to the school division from potential non-payment of accounts receivable. The credit risk related to the school division's receivables from the provincial government, federal government and their agencies are considered to be minimal. For other receivables, the school division has adopted credit policies which include close monitoring of overdue accounts.

The school division does not have a significant exposure to any individual customer. Management reviews accounts receivable on a case by case basis to determine if a valuation allowance is necessary to reflect an impairment in collectability.

The aging of other accounts receivable as at August 31, 2018 was:

August 31, 2018							
	Total	Current	0-30 days	30-60 days	60-90 days	Over 90 days	
Other Receivables	\$ 261,402	\$ 173,701	\$ -	\$ -	\$ 10,556	\$ 77,145	
Gross Receivables	261,402	173,701	-	-	10,556	77,145	
Allowance for Doubtful Accounts	(26,468)	-	-	-	-	(26,468)	
Net Receivables	\$ 234,934	\$ 173,701	\$ -	\$ -	\$ 10,556	\$ 50,677	

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2018

Receivable amounts related to GST are not applicable to credit risk, as these do not meet the definition of a financial instrument.

ii) Liquidity Risk

Liquidity risk is the risk that the school division will not be able to meet its financial obligations as they come due. The school division manages liquidity risk by maintaining adequate cash balances, budget practices, monitoring, and forecasts.

The following table sets out the contractual maturities of the school division's financial liabilities:

August 31, 2018					
	Total	Within 6 months	6 months to 1 year	1 to 5 years	> 5 years
Accounts payable and accrued liabilities	\$ 3,809,097	\$ 3,809,097	\$ -	\$ -	\$ -
Long-term debt (includes interest)	154,359	51,453	-	102,906	-
Total	\$ 3,963,456	\$ 3,860,550	\$ -	\$ 102,906	\$ -

iii) Market Risk

The school division is exposed to market risks with respect to interest rates and foreign currency exchange rates, as follows:

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The school division's interest rate exposure relates to cash and cash equivalents and portfolio investments.

The school division also has an authorized bank line of credit of \$10,000,000 with interest payable monthly at a rate of prime less 0.50% per annum. Changes in the bank's prime rate can cause fluctuation in interest payments and cash flows. There was no balance outstanding on this credit facility as of August 31, 2018.

The school division minimizes these risks by:

- holding cash in an account at a Canadian bank, denominated in Canadian currency,
- investing in GICs and term deposits for short terms at fixed interest rates,
- managing cash flows to minimize utilization of its bank line of credit and,
- managing its interest rate risk on long-term debt through the exclusive use of fixed rate terms for its long-term debt.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The school

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2018

division is exposed to currency risk on purchases denominated in U.S. dollars for which the related accounts payable balances are subject to exchange rate fluctuations; however, the school division believes that it is not subject to significant foreign exchange risk from its financial instruments.